

# CIPFA/LASAAC feedback statement on the 2024/25 Code

## 1. Introduction

- 1.1 This publication is a feedback statement from the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) updating accounts preparers and other interested parties on the amendments to the *2024/25 Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) following the consultation on proposed changes the Code in August to October 2023.
- 1.2 This feedback statement should be considered alongside the consultation papers on the Code. (The consultation documents are available on the [archived consultation pages](#) of the CIPFA website.)
- 1.3 In successive years, CIPFA/LASAAC has consulted on implementation of IFRS 16 *Leases*, including for the 2024/25 Code. Based on its earlier consultations, CIPFA/LASAAC established interpretations and transitional arrangements as well as more general material on IFRS 16 implementation, which were set out in Appendix F of the 2020/21 and subsequent Codes. It should be noted that CIPFA/LASAAC, at a meeting in November 2023, agreed to the implementation of IFRS 16 from 1 April 2024. A [separate statement](#) on that consideration has been issued.
- 1.4 **This feedback statement does not form any part of the 2024/25 Code.**
- 1.5 Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the Code, prepared by CIPFA/LASAAC. The Code is reviewed continuously and is normally updated annually. The Code confirms that in the unusual event that other statutory provisions require departures from the Code, then the statutory provisions must be followed.
- 1.6 In meeting its terms of reference, CIPFA/LASAAC is committed to having due regard to ensuring high quality financial reporting in local authority financial statements.
- 1.7 CIPFA/LASAAC received 55 responses to the consultation. This was significantly more than in previous years. The tables below show the distribution of responses:

| Geographical distribution of organisations responding to the 2024/25 Code consultation |           |
|--|-----------|
| English – 41   | Welsh – 1 |
| Scottish – 6   | Other – 7 |

| Types of organisations responding to the 2024/25 Code consultation |  |
|--|--|
| Accountancy institute  | District council                               |
| Audit firm   | Fire and rescue authority                      |
| Audit institution  | Integrated joint board                         |
| Borough council  | Pension authority                              |
| City council   | Constabulary and Police and Crime Commissioner |
| Consultants  | Representative bodies                          |
| County council   | Unitary council                                |

## 2. Limitation of changes

### A1 Limitation of changes

| Question   | Agree    | Disagree | Neutral or just offered comment |
|--|----------|----------|---------------------------------|
| Q1 Do you agree with the approach to the changes to the Code, ie to limit the changes to the 2024/25 Code? If not, why not? Please provide your views on why this might be the case. | 39 (85%) | 2 (4%)   | 5 (11%)                         |

- 2.1 With the full mandatory implementation of IFRS 16 from 1 April 2024, CIPFA/LASAAC did not present proposals for a stable platform but it limited changes to the Code to those that are necessary.
- 2.2 Twenty-five comments straightforwardly agreed with this approach, often referencing the work required on IFRS 16 and the issues with audit backlogs.
- 2.3 Four responses felt that measures to streamline reporting should be the focus and could be progressed if the benefit of changes outweighed the work. CIPFA/LASAAC remains committed to improving financial reporting through the Better Reporting Group.
- 2.4 **CIPFA/LASAAC agreed to limit changes to the 2024/25 Code.**

### 3. IFRS readiness assessment

#### B1 IFRS readiness assessment

| Question  | Response |
|---|----------|
| Q2 Where do you consider your authority is in terms readiness for the mandatory implementation of IFRS 16?                    |          |
| a) Confident of being ready for implementation for 2024/25 financial year   | 6 (15%)  |
| b) Somewhat confident of being ready for implementation for the 2024/25 financial year  | 22 (54%) |
| c) Unsure of whether the authority will be fully ready for the financial year   | 9 (22%)  |
| d) Not confident of the authority being ready for implementation for 2024/25 financial year                                   | 3 (7%)   |
| e) Do not consider the authority will be ready for implementation for the 2024/25 financial year.                             | 1 (2%)   |
| Question  | Response |
| Q3 What further support do you think CIPFA should provide to support mandatory implementation for the 2024/25 financial year? |          |

- 3.1 CIPFA/LASAAC remains committed to effective implementation of IFRS 16 and was interested in local authority views on their readiness and any further support that CIPFA might be able to provide to local authorities to assist with this.
- 3.2 Most comments noted that considerable work had been done but there was more to complete. Maintained schools were raised as an area of outstanding significant work as well as issues with the timing to upgrade software to an IFRS 16 compliant version.
- 3.3 Six responses had concerns around the current backlog of audits. Concerns were around the ability of the sector to ready itself for further change, ensuring the introduction of IFRS16 does not cause a new audit backlog, and implementation coupled with other pressures will drive professionals out of local government finance.
- 3.4 Fifteen responses suggested that additional guidance, templates or toolkits would be helpful, although one response noted DHSC provided a toolkit. Some of the guidance already provided by CIPFA might be helpful in this regard, but there was appetite for more detail in respect of accounting entries and templates, and approaches to data gathering and templates.
- 3.5 **CIPFA/LASAAC decided not to delay further the implementation of IFRS 16 or to substantially reduce disclosure requirements. This was not a decision that was taken lightly, and a [statement](#) explaining the rationale behind this decision was issued.**

## 4. Changes to Standards for 2024/25

### C1 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

| Question   | Agree    | Disagree | Neutral or just offered comment |
|--|----------|----------|---------------------------------|
| Q4 Do you agree with CIPFA/LASAAC's view on the changes included for Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)? If not, why not? What alternatives do you suggest? | 31 (84%) | 0 (0%)   | 6 (16%)                         |

- 4.1 The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. This might require departure from the definition of lease payments in IFRS 16, potentially involving the inclusion of variable lease payments in the calculation of the lease liability. The IASB argued that without these amendments, a seller-lessee could have recognised a gain on the right-of-use asset it retains solely because of a remeasurement if it had applied the subsequent measurement requirements for lease liabilities unrelated to a sale and leaseback transaction. Although this transaction is not a frequent transaction for local authorities it may occur and therefore an additional paragraph 4.2.2.91 has been added for clarity.
- 4.2 There was 100% agreement with the principle that this amendment should apply to local authorities, while agreeing that it will seldom be applicable in practice.
- 4.3 CIPFA/LASAAC agreed to adopt the proposed additional paragraph 4.2.2.91.**

### C2 Amendments to IAS 1 *Presentation of Financial Statements*

| Question   | Agree    | Disagree | Neutral or just offered comment |
|--|----------|----------|---------------------------------|
| Q5 Do you agree with the proposed approach not to require changes to the Code for Amendments to IAS 1 <i>Presentation of Financial Statements</i> ? If not, why not? What alternatives do you suggest? | 39 (91%) | 3 (7%)   | 1 (2%)                          |

- 4.4 The amendments provide clarification of the difference between current and non-current liabilities, clarifying one of the criteria in IAS 1 for classifying a liability as noncurrent: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.
- 4.5 Thirty-nine respondents agreed with the proposal to include material in Code Appendix C only, also agreeing that the amendment would very seldom be relevant.
- 4.6 Three preparers agreed that the Amendment should apply but considered that it should be explicitly included in the Code, despite seldom being relevant. They did not provide further background or reasoning, other than to note that the lack of detail introduces a risk that the standard is not correctly applied.
- 4.7 One preparer agreed with the proposal but suggested that the discussion makes it clear that classification as current or non-current is unaffected by management's intentions or

expectations about whether the entity will exercise its right to defer settlement, and that this aspect could be made clearer in Section 7.3.6 of the Code.

**4.8 CIPFA/LASAAC agreed not to make changes to the Code for the Amendment to IAS 1 Presentation of Financial Statements.**

### C3 Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules

| Question  | Agree    | Disagree | Neutral or just offered comment |
|---|----------|----------|---------------------------------|
| Q6 Do you agree with the proposed approach not to require changes to the Code for Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules? If not, why not? What alternatives do you suggest? | 35 (92%) | 0 (0%)   | 1 (8%)                          |

4.9 The amendments introduce a temporary mandatory exception from accounting for deferred taxes arising from the Pillar Two model rules and a requirement to disclose that the exception has been applied, both of which are applicable immediately and retrospectively.

4.10 There was 100% agreement from respondents who expressed a view. Three respondents noted only that the matter in the standard does not apply to their authority.

**4.11 CIPFA/LASAAC agreed not to make changes to the Code for Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules.**

### C4 Supplier finance arrangements

| Question  | Agree    | Disagree | Neutral or just offered comment |
|---|----------|----------|---------------------------------|
| Q7 Do you agree with the proposed approach not to require changes to the Code for supplier finance arrangements? If not, why not? What alternatives do you suggest? | 38 (93%) | 1 (2%)   | 2 (5%)                          |

4.12 The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4.13 93% of responses agreed with the proposal on the grounds that these are extremely unlikely to occur in a local authority context. 5% of responses noted that their authority does not have any such arrangements.

4.14 An accountancy institute disagreed, noting that the use of such arrangements should be prominently highlighted.

**4.15 CIPFA/LASAAC agreed not to make changes to the Code for supplier finance arrangements.**

## C5 Service concession arrangement transition arrangements

| Question   | Agree    | Disagree | Neutral or just offered comment |
|--|----------|----------|---------------------------------|
| Q8 Do you agree with the proposed amendments to the transition arrangements for service concession arrangement (PFI PPP) liabilities? If not, why not? What alternatives do you suggest? | 30 (74%) | 2 (5%)   | 18 (21%)                        |

- 4.16 The opening balance of any service concession arrangements is initially calculated on an IAS 17 basis on 1 April. CIPFA/LASAAC proposes to mandate that the liability is then subject to immediate further remeasurement on the date of initial application, rather than allowing remeasurement to be deferred until the next change in payments.
- 4.17 Most of the respondents agreed with the sense of the proposal for a standard approach to transition in line with the FReM.
- 4.18 Some respondents disagreed because they disagree with the application of IFRS 16 to service concession liabilities. One respondent disagreed because they consider the approach should not be mandated.
- 4.19 CIPFA/LASAAC agreed to adopt the proposed amendments to paragraph 4.3.2.44.**

## 5. IFRS 17 *Insurance Contracts*

### D1 IFRS 17 *Insurance Contracts*

| Question  | Agree    | Disagree | Neutral or just offered comment |
|---|----------|----------|---------------------------------|
| Q9 Do you agree with CIPFA/LASAAC's approach to the implementation of IFRS 17 <i>Insurance Contracts</i> in the Code? If not, why not? What alternatives do you suggest?            | 28 (82%) | 0 (0%)   | 6 (18%)                         |
| Q10 Do you agree with the timing of the implementation of IFRS 17 <i>Insurance Contracts</i> in the Code ie in the 2025/26 Code? If not, why not? What alternatives do you suggest? | 24 (69%) | 1 (3%)   | 10 (28%)                        |

- 5.1 The ITC included a separate section on IFRS 17 *Insurance Contracts*. This topic has been subject of four previous consultations. It argued that the approach in the Code should not change from that in IFRS 4 *Insurance Contracts* ie that this is a Standard that is included in Appendix A and as such it has limited application in local authorities.
- 5.2 The ITC also proposes, as it did in the previous ITC, that mandatory adoption is not required until 2025/26.
- 5.3 An audit firm disagreed with the statement in the ITC that “The IASB is clear that IFRS 17, like IFRS 4, is designed for insurance companies,” noting that in their private sector experience they have seen non-insurance entities being caught by the requirements of IFRS 17.
- 5.4 One audit firm and two preparers commented on the desirability of guidance outside the Code, indicating it needs to be provided a year in advance of implementation.
- 5.5 Other comments included:
- noting that authorities may need to seek additional advice to understand if there are any specific implementation issues
  - indicating that this may be the best timing but it depends other factors, such as for example, whether the statutory override for infrastructure is in place
  - noting their concern over implementing this standard given the many other changes being undertaken.
- 5.6 **CIPFA/LASAAC agreed to include IFRS 17 within Appendix A of the 2025/26 Code.**

## 6. CIPFA/LASAAC's strategic work plan

### E1 Overview of performance and summary financial information

| Question  | Agree    | Disagree | Neutral or just offered comment |
|---|----------|----------|---------------------------------|
| Q11 Do you agree with CIPFA/LASAAC's proposals to add a new section to the narrative report overview of performance and summary financial information? If not, why not? What alternatives do you suggest? Please set out the reasons for your response. | 22 (50%) | 10 (23%) | 12 (27%)                        |
| Q12 Do you agree that these new specifications should be voluntary for 2024/25? If not, why not? What alternatives do you suggest?  | 28 (67%) | 5 (12%)  | 9 (21%)                         |
| Q13 Do you agree with the content of the overview of performance? If not, why not? What alternatives do you suggest?  | 23 (52%) | 10 (23%) | 11 (25%)                        |
| Q14 Do you agree with the proposals for the inclusion of summary financial information? If not, why not? What alternatives do you suggest? Please set out the reasons for your response.  | 22 (52%) | 9 (22%)  | 11 (26%)                        |
| Q15 Do you agree with the list of specifications for summary financial information? If not, why not? What alternatives do you suggest? Please set out the reasons for your response.  | 19 (45%) | 13 (31%) | 10 (24%)                        |

- 6.1 The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting undertaken by Sir Tony Redmond recommended in 2020 that a standardised statement of service information and cost be produced to communicate the key messages to service users and council taxpayers.
- 6.2 Around two thirds of respondents who answered this section agreed with the proposal to add a new section to the narrative report to meet the requirements of the Redmond Review. However, there were concerns raised about increasing the length of the accounts, potential duplication and adding to existing preparer and auditor burdens.
- 6.3 Respondents from Scotland and Wales pointed out that there is already legislation in place prescribing what to include in the management commentary/narrative report.
- 6.4 An overwhelming majority agreed that the new specifications should be voluntary. The main reasons cited were:
- IFRS 16 is due to be implemented in 2024/25.
  - It will allow authorities time to prepare for the new requirements.
  - Not wanting to add to the burden of preparers and auditors.
- 6.5 Opinions were split over the specifications for the contents of the Overview of Performance and Summary Financial Information sections. The proposal to reconcile the budget in the council tax leaflet to the outturn, and then to the EFA was particularly unfavourable as



respondents felt it could be unnecessarily complex. The proposal to include the authority's underlying need to borrow was felt to be too confusing as there could be three different metrics being published for each local authority with roughly the same aim but using three different data sets and giving three different answers.

- 6.6 One audit firm suggested that, given the current environment:  
“It would be helpful for the overview of performance to include an explanation of the importance of S114 notices, followed by an assessment of the likelihood a S114 notice could be issued over the short and medium-term: 12 months to three to five years.”
- 6.7 **CIPFA/LASAAC agreed not to add a new section on the overview of performance and summary financial information to the narrative report in the 2024/25 Code. The Better Reporting Group will consider the recommendations in the Redmond Review and bring further proposals for consultation in the future.**
- 6.8 **As a result of consultation feedback, CIPFA/LASAAC decided to include an amendment to Section 3.1 to suggest that narrative reporting might reflect on the risk that a Section 114 notice might be issued.**

## E2 Format and structure of the Code

| Question  |          | Response |                                 |  |
|---|----------|----------|---------------------------------|--|
| Q16 Do you have any comments on the structure and format of the Code in relation to accessibility? Please set out the reasons for your response.  |          |          |                                 |  |
| Question  | Agree    | Disagree | Neutral or just offered comment |  |
| Q17 In terms of the approach to content of IFRS as adapted or interpreted for the public sector context, are you content with the current approach in the Code or would you prefer the drafting to be more like that of the FReM? Please set out the reasons for your response.                   | 24 (57%) | 1 (2%)   | 17 (41%)                        |  |
| Q18 Are the adaptations and interpretations of standards affecting application for UK local government clearly presented and easily identified in the Code? Please set out the reasons for your response.   | 23 (59%) | 1 (3%)   | 15 (38%)                        |  |
| Q19 Do you agree with the suggested revised structure of the Code? If not, why not? What alternatives do you suggest? Please set out the reasons for your response.   | 33 (78%) | 2 (5%)   | 7 (17%)                         |  |
| Q20 Do you agree that the specifications for statutory adjustments should be brought together in one place in the Code, ideally alongside the provisions for the Movement in Reserves Statement? If not, why not? What alternatives do you suggest? Please set out the reasons for your response. | 34 (81%) | 2 (5%)   | 6 (14%)                         |  |
| Q21 Are there any other issues relating to the structure and format of the Code? Please set out the reasons for your response.  | 13 (52%) | 12 (48%) | 0 (0%)                          |  |

6.9 The Code, though updated regularly and kept under constant review, has not had significant amendments to its structure and format since its inception in 2010/11 (the 2010/11 Code was issued in September 2009) to ensure that users were familiar with its structure and content.

6.10 CIPFA/LASAAC sought stakeholders' views on possible issues relating to a Code restructure and format in relation to the following aspects:

- accessibility
- approach to content of IFRS as adapted or interpreted for the public sector
- adaptations and interpretations
- structure of the Code
- statutory accounting provisions

- 6.11 Criticisms of the current Code included that the sheer volume of information included can be overwhelming, especially to someone preparing local government accounts for the first time. The document can be hard to navigate, and the current headings are too broad, and do not make it clear what is included. The current arrangement whereby the Code is only accessible behind a paywall was also criticised as having a significant negative impact on its accessibility.
- 6.12 There was overwhelming support for maintaining the current approach in the Code providing detailed text regarding IFRS implementation. Authorities felt that having all the information within one document gives context to the standards applied and is user friendly. It was accountancy institutes and an audit institution that favoured a FreM-like approach. The main arguments being that it would be easier and more efficient to maintain. Plus, it would reinforce that the Code is based on IFRS accounting standards.
- 6.13 Nearly all respondents agreed that the adaptations and interpretations of standards are clearly presented and easily identifiable in the sub section titled 'Adaptation, interpretation and application for the public sector context'. The only improvement suggested by numerous respondents was to include a table of all accounting standards, any adaptations, or interpretations for local government plus links to the relevant section in the Code (based on the table included in the FReM – Part C, Chapter 8, table 1).
- 6.14 Most respondents agreed that specifications for statutory adjustments should be brought together in one place. There was a request from almost half of all respondents that cross-references were included in the chapters where the statutory adjustment applies. An alternative put forward by several respondents was to leave the statutory adjustments in the current chapters but include a table that summarises all the statutory adjustments in the MIRS chapter.
- 6.15 There was overwhelming support for shorter chapters on specific topics. A handful of authorities suggested breaking down the chapters further, and two authorities specifically suggested that there should be separate chapters for the Housing Revenue Account (HRA) and collection fund. It was suggested to move the chapters on pension funds and group accounts to the end within the proposed structure. One respondent suggested including a table in the Appendix that maps from the previous Code structure to the new Code structure in the initial year of the change.
- 6.16 CIPFA/LASAAC noted all the comments received and will use these to inform the project looking at restructuring the Code.**

## E3 Sustainability reporting

| Question  | Response |
|---|----------|
| <p>Q22 What do you consider is the best approach to the introduction of sustainability reporting in local government? Please set out the reasons for your response.</p> |          |

- 6.17 The International Sustainability Standards Board has confirmed the use of Task Force on Climate-Related Financial Disclosures (TCFD) architecture for the basis of its standards. Following the scoping and research phase, the IPSASB decided to move forward with the development of a public sector specific climate-related disclosures standard.
- 6.18 Of the 55 respondents, approximately 40 provided comments on sustainability reporting. All respondents thought that sustainability reporting should be based on best practice. A fifth pointed to IFRS S2, IPSASB, TCFD and sustainability reporting within central government.
- 6.19 Although respondents recognised the growing importance of sustainability reporting, a third were keen not to add to the current burden and either suggested adoption on a voluntary basis first or postponement.
- 6.20 Nearly a third of respondents wanted guidance, potentially in the Code, as to what should be included.
- 6.21 Opinion was split over the best place for any sustainability reporting. Five respondents thought sustainability reporting should be included in the narrative report, whereas four respondents believed there should be a standalone sustainability report.
- 6.22 CIPFA/LASAAC noted all the comments received and will use these to inform future developments to introduce sustainability reporting.**

## 7. Other financial reporting or emerging issues

### F1 Local audit and accounting issues

| Question  | Yes       | No     | No comment |
|---|-----------|--------|------------|
| Q23 Do you have any views on where accounting can be changed to ease the burden on the local audit and accounts preparation system? Please set out the reasons for your response. | 41 (100%) | 0 (0%) | 0 (0%)     |

- 7.1 The situation with delays to local authority audits has declined significantly since the invitation to comment was first released. In figures released by the PSAA on 10 October 2023, only five local authorities had audit opinions for the 2022/23 statement of accounts. That put the cumulative position at 918 delayed audit opinions.
- 7.2 Cross-system developments have meant that CIPFA and CIPFA/LASAAC have been asked to consider options for the recovery phase to clear the backlog. Most of the suggestions made by respondents to the consultation have already been identified for consideration.
- 7.3 Many authorities thought that simplifying the reporting requirements would reduce the burden. Many cited it takes a disproportionate amount of time to prepare the disclosure notes.
- 7.4 Authorities also expressed a strong hope/wish that auditors would be able to accept the professional valuers view without getting a second opinion from the firm's internal valuers.
- 7.5 **Since the consultation on the 2024/25 Code, CIPFA/LASAAC issued a further [consultation on short term measures to the Code for 2023/24 and 2024/25](#).**

## F2 Statutory specifications for local authority financial reporting

| Question  | Response |
|---|----------|
| Q24 CIPFA/LASAAC would seek local authority views on their approach to investments in pooled investments and what the future approach might be to accounting for these investments when the statutory overrides come to an end? Please set out the reasons for your response. |          |
| Q25 CIPFA/LASAAC would seek the views on the impact of the DSG on financial reporting and local authority plans for the end of the amendments to the regulations. Please set out the reasons for your response.   |          |

- 7.6 In 2018 a new regulation was inserted into the Local Authorities (Capital Finance and Accounting) Regulations 2003 to provide that a local authority must not charge an amount to its revenue account to reflect any fluctuation in the fair value of a local authority's investment in a pooled investment fund. Instead, such amounts must be recorded in a separate account established and usable solely for that purpose. Equivalent provisions were inserted into the Welsh Regulations. Both the English and Welsh Regulations have been extended to 31 March 2025.
- 7.7 A considerable proportion of respondents (18) would like to see the statutory override for investments in pooled funds become permanent. The main reasons cited were:
- Notional gains/losses are unusable so not appropriate in local government.
  - Volatility on gains/losses would have a direct impact on the taxpayer and place pressure on service delivery.
  - It will make pooled investments, which respondents saw as lower risk, less attractive.
- 7.8 However, those that supported an end to the override (seven) felt in the current situation the risks were not transparent.
- 7.9 The expectation was, if the override ended, that any balance in the pooled investment adjustment account would be moved into a usable reserve.
- 7.10 On 6 November 2020 a statutory instrument, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020, was laid before Parliament. The regulations provided that where a local authority has a deficit on its school budget, the authority must not charge any such deficit to its revenue account. Instead, the regulations provide that local authorities must charge any such deficit to a separate account, established and usable solely for that purpose. The regulations have now been extended to have effect until 31 March 2026.
- 7.11 Twenty-two authorities responded to the question on DSG reporting, most had a deficit on their DSG. The consensus was that any solution would take longer than the current extension and needed additional funding from central government.
- 7.12 Nearly half of the authorities were concerned that they would not be able to fund forecast deficits from the General Fund at the end of the override if that were required. Impact authorities voiced ranged from putting additional pressure on service delivery to issuing S114 notices.
- 7.13 CIPFA/LASAAC agreed to wait for clarification from DLUHC on the status of these two statutory overrides.**

### F3 Recognition of the net defined benefit pensions asset

| Question   | Response |
|--|----------|
| Q26 What are your views on the Code's provisions in relation to the asset ceiling and the recognition of the net defined benefit pensions asset? Please set out the reasons for your response. |          |

- 7.14 A new issue emerged at the end of the 2022/23 financial year when IAS 19 *Employee Benefits* reports for pensions resulted in surpluses. IAS 19 is clear that the recognition of a net defined pension asset is limited to that which is realisable, and this is also as interpreted by IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.
- 7.15 Of the 43 respondents to this question, most felt that the Code provisions are appropriate for this issue.
- 7.16 Nineteen respondents would appreciate further guidance with worked examples, particularly around how to calculate the asset ceiling. CIPFA issued [CIPFA Bulletin 15 Reporting of pensions surpluses and IFRIC 14](#) in November 2023.
- 7.17 **CIPFA/LASAAC agreed the current Code provisions are sufficient.**

### F4 Changes to IPSAS standards that could impact on the Code

| Question  | Yes      | No       | No comment |
|---|----------|----------|------------|
| Q27 Do you have views on the impact of new IPSAS on the specifications of the Code as they augment the interpretations of the local government context? Please set out the reasons for your response. | 18 (56%) | 14 (44%) | 0 (0%)     |

- 7.18 The Code includes interpretations of IFRS based on IPSAS in several sections of the Code. These interpretations largely help reflect the local government context but do not change IFRS. The IPSASB have recently issued the following standards:
- IPSAS 45 *Property, Plant, and Equipment*
  - IPSAS 46 *Measurement*
  - IPSAS 47 *Revenue*
  - IPSAS 48 *Transfer Expenses*.
- 7.19 Only a third of all respondents answered this question. Respondents could see that IPSAS could potentially bring improvements to accounting approach. However, there was a wish that adoption of any standards should offer flexibility or simplicity rather than add complexity.
- 7.20 There was a request from a number of authorities for CIPFA to produce more detailed information and/or consult before any potential implementation that will impact on accounting requirements.
- 7.21 **CIPFA/LASAAC decided as part of the annual Code production to review relevant IPSAS for any impact on future Codes.**

## 8. Further guidance

### G1 Other areas where additional guidance might be required.

| Question  | Yes      | No       | No comment |
|---|----------|----------|------------|
| Q28 Are there any areas within the Code where additional guidance or improvements to the Code would be helpful? Please support your answer by giving details of the amendments you would suggest. | 19 (51%) | 18 (49%) | 0 (0%)     |

- 8.1 Several respondents raised detailed technical points relating to treatment within the Code for the following topics:
- loan commitments at below market interest rates
  - transfers by absorption
  - impairment of assets
  - consolidation and measurement of subsidiaries
  - valuation of financial instruments by pension funds
  - definition of 'differs materially'
  - de minimis levels and accounting policies.
- 8.2 Another authority had the following request about an appendix of the Code:
- "In the Accounting Standards Issued not yet Adopted section (Appendix C), a little more detail on the potential impact of each new standard for the following year would be useful. This would aid disclosure decisions for smaller bodies who may not see any impact from the introduction of certain standards."
- 8.3 One authority commented:
- "Advocate ways in which local authorities can streamline accounts to make them more intelligible to their primary users eg meeting the needs of residents to whom we are ultimately accountable to, for example by reducing the complexity of local authority accounts."
- 8.4 Another authority commented on the need for information in the accounts to be able to be used to provide government with information required, rather than providing separate government returns.
- 8.5 The issue of infrastructure assets was raised by several authorities. Clear guidance on what definition, components and a detailed project plan was requested early enough for practitioners to adopt.
- 8.6 CIPFA/LASAAC noted all the comments received and asked the secretariat to look at the technical points raised.**